

## Message Text

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47

ACTION AID-59

INFO OCT-01 ADP-00 EB-05 IGA-02 INR-10 /077 W

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R 101226 Z MAY 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7583

C O N F I D E N T I A L BRASILIA 2757

AIDAC

E. O. 11652: GDS

SUBJ: FY 74 CASP-- IG REVIEW

1. USAID HAS LEARNED INFORMALLY THAT IG REVIEW OF BRAZIL CASP  
ISSUE RE USAID FUTURE ROLE AND SIZE OF PROGRAM RESULTED IN THE  
FOLLOWING MONETARY LEVELS:

FY 74 DOLS 5 TO 6 MILLION ( LOWER END OF RANGE PROBABLE)

FY 75 DOLS 3 TO 4 MILLION ( LOWER END OF RANGE PROBABLE)

FY 76 QUOTE AUSTERITY UNQUOTE

2. THE BRAZIL CASP ATTEMPTED TO MAKE THE CASE FOR THE IMPORTANCE  
OF MAINTAINING CLOSE RELATIONS IN ALL SIGNIFICANT SECTORS WITH  
COUNTRY OF GROWING POWER AND INFLUENCE. RECOGNIZING THAT THE  
TRADITIONAL AID APPROACH WAS NOT RELEVANT TO THE BRAZIL OF 1973,  
WE PROPOSED A NEW APPROACH TO A COOPERATIVE RELATIONSHIP WITH  
THE SCIENTIFIC; TECHNICAL AND MANAGERIAL LEADERSHIP OF BRAZIL,  
BUILDING ON PAST TECHNICAL ASSISTANCE INVESTMENT AND PRODUCING  
CONTINUING U. S. INFLUENCE WITH THIS COMMUNITY. TO IMPLEMENT THIS  
APPROACH WE REQUESTED DOLS 5 MILLION ANNUALLY AFTER A TRANSITION  
YEAR IN FY 1974 OF DOLS 6 MILLION. IN RESPONSE TO THE PRE- IG  
COMMENTS ON THE CASP, THE COUNTRY TEAM AGREED TO A DOLS 5  
MILLION LEVEL FOR FY 1974 DESPITE THE SHORT RUN DIFFICULTIES  
CAUSED BY THE LARGE NUMBER OF PERSONNEL TRANSFERS WHICH THIS  
LEVEL REQUIRES.

3. THE AID LEVELS CITED IN PARA ONE, ASSUMING OUR INFORMAL  
REPORT IS CORRECT, WOULD BE CONTRARY TO OUR RECOMMENDATION AND  
WOULD SUGGEST A RAPID PHASE- OUT OF THE USAID MISSION. BY FY 1975  
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WE WOULD HAVE FUNDS SUFFICIENT ONLY FOR OUTSTANDING COMMITMENTS, PIPELINE MANAGEMENT, AND NORMAL EXTENSIONS OF PARTICIPANTS ALREADY IN TRAINING. WITH THIS PROSPECT, IT WOULD NOT BE REASON- ABLE TO START ANY NEW PROJECTS. ( NOTE THAT THERE ARE THREE NEW PROJECT PROPOSALS PENDING IN AID/ W.) IN BRIEF, THE AID LEVELS IN PARA ONE WOULD ONLY PERMIT USAID/ BRAZIL TO CLOSE OUT EXISTING PROGRAMS AND WOULD FORECLOSE THE CREATIVE ROLE WITH IMPORTANT BRAZILIAN INSTITUTIONS AND PROFESSIONAL GROUPS PROPOSED IN THE CASP/ COUNTRY FIELD SUBMISSION.

4. I WOULD APPRECIATE ADVICE AS TO WHETHER THE IG DECISION WAS AS INDICATED ABOVE, AND IF SO THE RATIONALE OF THIS POSITION, AFTER RECEIPT OF WHICH, MORE DETAILED COUNTRY TEAM REACTION WILL BE PROVIDED.  
ROUNTREE

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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